

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
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E.O. 11652: N/A
TAGS: BGEN, EINV, PO
SUBJECT: AMERICAN INVESTMENT PROBLEMS

REF: (A) LISBON 1959, (B) LISBON 4715, (C) LISBON 4878,
(D) LISBON 2558, (E) LISBON 1095

1. MUELLER MONTAGEN (MM): FIRM'S OWNER, PAUL MUELLER, NOTIFIED COMMATT THAT WORKERS COMMISSION APPEALING JUDGE'S DECISION MANDATING RETURN TO HIM OF FIRM (REF A). THUS HE DOES NOT YET CONTROL FIRM. IN ANTICIPATION THAT APPEALS COURT WILL UPHOLD LOWER COURT VERDICT, MUELLER NOW ORGANIZING NEW FIRM - INTERMONT - WHICH WILL LEASE MUELLER MONTAGEM'S PHYSICAL ASSETS (CRANES AND OTHER MACHINERY) AND EMPLOY THOSE MM WORKERS WHO ARE NEEDED AND RELIABLE. ORIGINAL FIRM WILL BE LIQUIDATED, OR ALLOWED TO WITHER AND MUELLER WILL REFUSE TO PAY SALARIES TO THOSE WORKERS NOT ABSORBED BY INTERMONT.

2. COMMENT: MUELLER MAINTAINS THAT LOWER COURT DECISION TO RETURN CONTROL TO HIM MEANS THAT HE CAN UTILIZE PHYSICAL ASSETS BUT DOES NOT HAVE TO REASSUME RESPONSIBILITY FOR
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WORKERS BECAUSE THEY ARE ON PAYROLL OF TONUS. (TONUS WAS COMPANY INTO WHICH MUELLER MONTAGEM WAS MERGED UNDER ORIGINAL BANKRUPT ORDER. IT WAS THIS ORDER WHICH WAS INVALIDATED IN MARCH.) COMMATT DOUBTS LEGALITY OF MUELLER REASONING. REFUSAL TO PAY INDEMNITY TO WORKERS SHOULD MM BE LIQUIDATED OR TO PAY SALARIES ONCE HE REASSUMES CONTROL WILL LEAD TO FUTURE LEGAL PROBLEMS WITH GOP.

AFTER LENGTHY DISCUSSION, MUELLER DID ADMIT HIS LEGAL JUSTIFICATION MAY BE WEAK. HOWEVER, DISCUSSION MADE IT CLEAR THAT HIS ACTIONS STRONGLY INFLUENCED BY DESIRE FOR REVENGE.

3. MUNDET & CIA (REF B): EMBASSY STILL AWAITING RECEIPT OF MS. MUNDET'S DEFINITIVE POSITION VIS-A-VIS DISINTERVENTION. COMMATT WILL CONTACT ASAP TO ASCERTAIN MOST RECENT DEVELOPMENTS.

4. LUNDBERG LDA (REF C): MR. LUNDBERG VISITED COMMATT JULY 6 TO RELATE LATEST DETAILS OF HIS EFFORTS TO REGAIN CONTROL OF FIRM. INTERMINISTERIAL COMMISSION FORMALLY DECIDED THAT DISINTERVENTION OF LUNDBERG LDA CANNOT BE SEPARATED FROM DISINTERVENTION PROCESS OF REST OF MOALI/TECNIL GROUP. THUS COMMATT INFORMAL APPROACH TO INDUSTRY MINISTRY REPRESENTATIVE ON COMMISSION WAS UNSUCCESSFUL. THEREFORE, IN ACCORDANCE WITH NORMAL PROCESS, LUNDBERG WOULD HAVE TO WAIT FOR DECISION UNTIL AT LEAST OCTOBER WHEN ACCOUNTING TEAM APPOINTED BY INTER-MINISTERIAL COMMISSION IS SCHEDULED TO COMPLETE SPECIAL AUDIT OF WHOLE GROUP. LUNDBERG MAINTAINS THAT VALUE OF HIS 50 PERCENT OF FIRM IS ABOUT \$300,000. HE IS CONSULTING LAWYER TO ASCERTAIN WHETHER JUDICIAL ACTION IS POSSIBLE. COMMATT EXPECTS LUNDBERG TO FORMALLY REQUEST HIGH LEVEL EMBASSY REPRESENTATION TO GOP.
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5. FABRICA DE TABACO MICAELENSE (RAQUEL BENSAUDE)/ A TABAQUEIRA (BEATRICE FRANTZ) - REFS D AND C): COMMATT DISCUSSED COMPENSATION FOR NATIONALIZED SHARES IN AZOREAN TOBACCO FIRMS IN SEPARATE MEETINGS WITH MINISTER OF FINANCE MEDINA CARREIRA AND WITH REPRESENTATIVE OF FOREIGN MINISTRY. BOTH STATED THAT COMPENSATION IS DEPENDENT UPON GOP DRAFT LAW NOW IN ASSEMBLY WHICH THEY EXPECT TO BE PASSED BEFORE END OF SPECIAL SESSION (JULY 23). WHEN QUERIED ABOUT FINANCE MINISTER'S FEBRUARY 25 STATEMENT THAT COMPENSATION FOR ALL FOREIGNERS WOULD BE DETERMINED BY END OF MAY, FOREIGN MINISTRY REP STATED WRYLTY THAT POLITICIANS SHOULD NOT ESTABLISH DATES. ONLY RESPONSE TO SAME QUERY TO MEDINA CARREIRA WAS THAT LAW HAS BEEN HELD UP IN ASSEMBLY DUE TO DOUBTS BY SOME LAWYERS OF ITS CONSTITUTIONALITY. U.S. INVESTORS HAVE BEEN NOTIFIED OF COMMATT'S DISCUSSIONS AND INFORMED THAT EMBASSY NOT IN POSITION TO MAKE ANY REPRESENTATION TO GOP UNTIL AT LEAST JULY 23. (COPIES OF LETTERS WILL BE POUCHED.)

6. FOREIGN MINISTRY REPRESENTATIVE NOTED THAT GOP HAS RECEIVED NUMEROUS CLAIMS FROM FOREIGNERS FOR COMPEN-

SATION FOR EXPROPRIATED LAND IN THE ALENTEJO. MOST OF
THESE COME FROM SPANISH, GERMAN AND BRITISH NATIONALS
BUT THERE ARE ALSO CLAIMS FROM NATIONALS OF AT LEAST
FOUR OTHER COUNTRIES.
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Message Attributes

Automatic Decaptioning: X
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Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Action: RELEASED
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Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:06 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:04 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
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